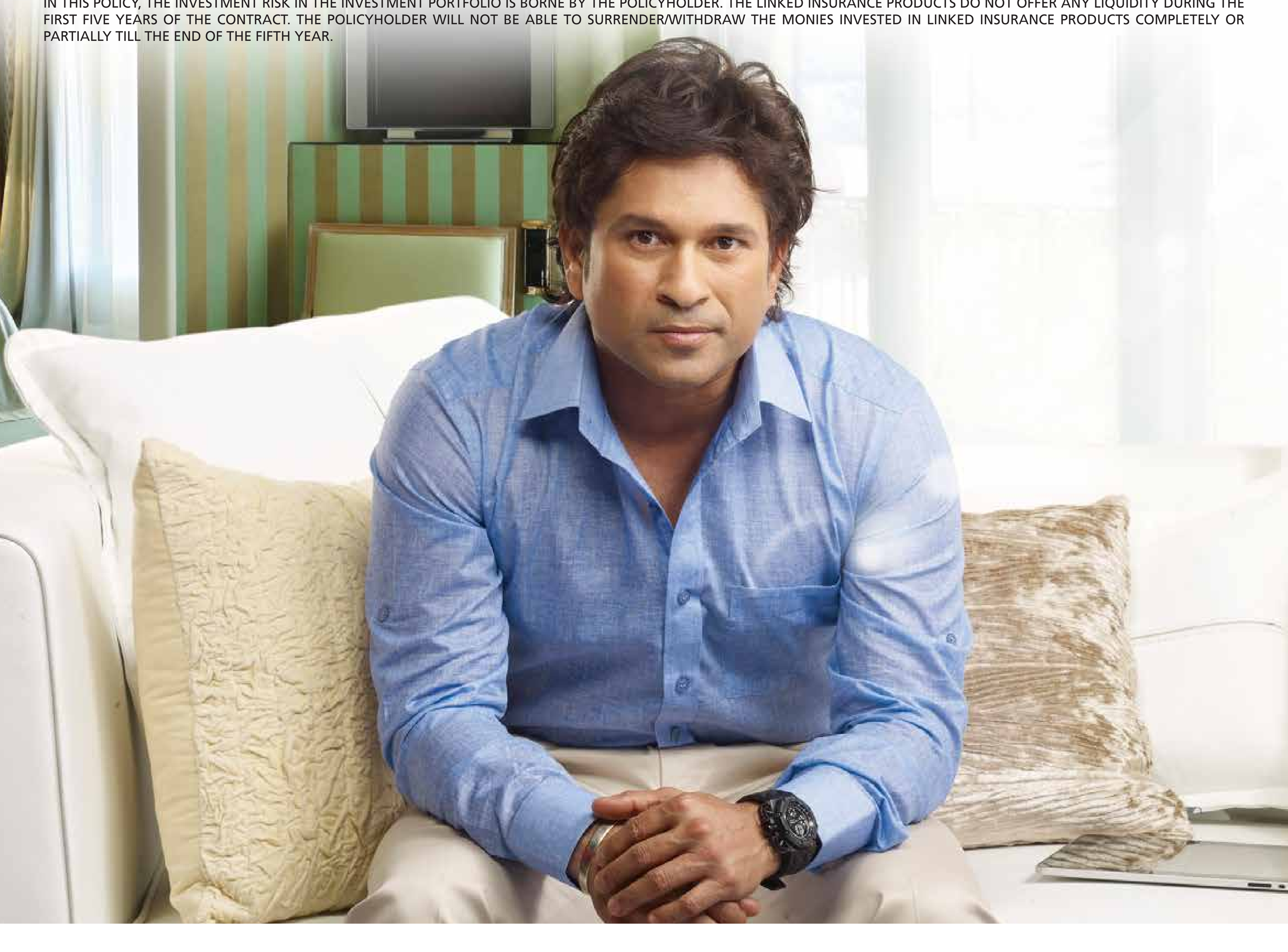
Aviva Group Gratuity Advantage

AVIVA
Life Insurance

IN THIS POLICY, THE INVESTMENT RISK IN THE INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER. THE LINKED INSURANCE PRODUCTS DO NOT OFFER ANY LIQUIDITY DURING THE FIRST FIVE YEARS OF THE CONTRACT. THE POLICYHOLDER WILL NOT BE ABLE TO SURRENDER/WITHDRAW THE MONIES INVESTED IN LINKED INSURANCE PRODUCTS COMPLETELY OR PARTIALLY TILL THE END OF THE FIFTH YEAR.



Aviva Group Gratuity Advantage is a Group Unit-Linked product designed for the Corporate sector. Gratuity is a statutory benefit for the employees under the Payment of Gratuity Act, 1972. After the employee has rendered continuous service for at least five years, he/she is eligible for 15 days pay for each completed year of service. The employer can also structure a gratuity benefit that is higher than statutory requirements. Gratuity payment is a statutory liability for an organisation and tends to increase as the salaries and tenure of employment increases annually. If the employer pays gratuity from its current revenue, it may become difficult to meet the liability. It is therefore prudent and also beneficial that a gratuity fund is set up.

A well structured Group Gratuity fund provides tax benefits to the employer, financial security to employees at retirement or at the time of leaving the employment and helps the employer to create a well-planned fund.

Aviva Group Gratuity Advantage can also be customised as per individual requirements to provide benefits beyond the statutory obligations.

Aviva Group Gratuity Advantage aims to provide:

- A lump sum fund to the employees or their dependants
- Tax benefits to the employer
- Protection against the risk of death - free flat amount of ₹1,000 in case of death while in service. The Master Policyholder also has an option to choose higher Sum Assured
- Flexibility to invest in various Unit-Linked investment funds
- The option of making/transferring the past service contributions
- Actuarial and administrative support, if required

Who is the Master Policyholder?

For a tax approved gratuity fund established under a trust deed, the trustees will act as the Master Policyholder.

Who is an eligible member?

Any employee of an organisation aged 18 years and above and less than or equal to 74 years.

What is the minimum contribution per scheme?

- The minimum contribution per scheme is ₹1 lakh at inception
- The Master Policyholder can pay contributions in respect of past service gratuity liability in up to five easy annual installments

What are the Sum Assured limits?

- The minimum base Sum Assured is ₹1,000 per employee
- The maximum Sum Assured is ₹1 crore per employee, however, for the first ₹1,000 of life insurance cover, no explicit mortality charges will be deducted
- Changes in Sum Assured: The Sum Assured in this case can be increased or decreased, subject to the underwriting requirements of the Company

What are the investment options available to the Master Policyholder?

Aviva Group Gratuity Advantage offers seven fund options:

	Pension Cash Fund	Pension Debt Fund	Pension Secure Fund	Pension Growth Fund	Pension Balanced Fund	Pension Short Term Debt Fund	Pension Income Fund
Objective	To safeguard the nominal value of the investments	To provide progressive capital growth with relatively lower investment risks	To provide progressive return on the investment	To provide high capital growth by investing higher element of assets in the equity market	To provide capital growth by availing opportunities in debt and equity markets and providing a good balance between risk and return	To provide security to investments with progressive returns	To provide returns by investing in safe funds with progressive returns
Composition (Range)	Money Market & Cash: 80%-100% Debt Securities: 0%-20% Equities: 0%	Money Market & Cash: 0%-40% Debt Securities: 60%-100% Equities: 0%	Money Market & Cash: 0%-40% Debt Securities: 40%-100% Equities: 0%-20%	Money Market & Cash: 0%-60% Debt Securities: 20%-60% Equities: 20%-60%	Money Market & Cash: 0%-40% Debt Securities: 15%-90% Equities: 0%-45%	Money Market & Cash: 0%-100% Debt Securities: 0%-50% Equities: 0%	Money Market instruments: 0%-40% Government Securities: 0%-30% Corporate Bonds: 0%-100% Other approved fixed income instruments: 0%-100%

- The Master Policyholder has the option of investing in any one or a combination of above-mentioned funds
- The Master Policyholder will have the option of changing the allocation proportions in different funds at any point of time
- The Master Policyholder will have the flexibility to switch from one fund to another (either partly or fully) and this service is provided free of cost

What is the amount payable to the employee(s) on death, retirement, resignation/termination of employment?

- On death, retirement, resignation/termination of a member, the Master Policyholder will be paid an amount equivalent to the amount payable to the member as per the Gratuity Rules of the Company, by cancelling the Units of equivalent amount from the Master Policyholder's account
- On death of a member, an additional amount equal to the Sum Assured of that particular member is paid
- The Master Policyholder can get the Units cancelled from the various funds as per their choice. If the allocation proportion for cancellation of Units is not specified by the Master Policyholder, the allocation proportion last chosen by the Master Policyholder for the purpose of investing contributions will be used

Can the Policy be continued without payment of contributions?

- The Master Policyholder may continue the scheme without payment of further contribution(s) for a period of five years (Reinstatement Period) from the date of first unpaid contribution. However, such a contract shall be treated as a discontinued contract under which all the risk cover benefits shall cease i.e. no charges shall be deducted against them. However, fund management charges will continue to be deducted
- In case the scheme is not reinstated by payment of contribution within the reinstatement period of five years from the date of first unpaid contribution, then the scheme shall be terminated and the fund value will be paid to the Master Policyholder
- The Policy can be surrendered any time by notifying Aviva in writing at least 90 days in advance of the termination of the scheme. However, the Units will be redeemed at their Unit Price on the date of redemption of those Units
- Alteration in contribution is permissible only with the Actuary's certificate as per AS 15 (revised). Similarly, "Nil Contributions" will be allowed only when the fund is in surplus and the same is supported by an Actuary's certificate in accordance with AS 15 (revised) and the contract in such case will not be treated as discontinued contracts. Otherwise, the contracts will be treated as discontinued contracts and all risk covers will cease

What are the tax advantages?

As per the current provisions of the Income Tax Act 1961, the following tax benefits are available in case of an approved gratuity fund:

- The contributions/Premiums paid by an employer in respect of an employee upto 8.33% of his/her salary, in a financial year, are treated as an expense for tax purposes in the year of payment
- The gratuity received by the employee upto half month's average salary for each year of service, subject to a maximum of ₹10,00,000 is exempt under Section 10(10)D
- The benefits paid on death are exempt from tax
- Tax benefits are subject to change

What is allocation rate and how is the contribution allocated towards Units?

- The allocation rate is the proportion of the contributions used to purchase Units. An allocation rate of 100% means the entire contribution has been used to purchase Units and above 100% means that there has been an additional benefit given to you. Please see the charges section for the allocation rate

What are the charges applicable on the Policy?

<table>
<tr><th>Nature of charge</th><th>Rate applicable at the start</th><th>Maximum charge limit</th></tr>
<tr><td>Fund Management Charge (to be applied on the fund while calculating NAV on a daily basis)</td><td>Pension Cash Fund: 0.80% p.a.
Pension Debt Fund: 0.80% p.a.
Pension Secure Fund: 0.80% p.a.
Pension Growth Fund: 0.80% p.a.
Pension Balanced Fund: 0.80% p.a.
Pension Short Term Debt Fund: 0.80% p.a.
Pension Income Fund: 0.80% p.a.
Discount for Large Fund Values:
A discount on Fund Management Charge ("FMC") across all funds would be available at the end of the Policy Year. The Net FMC after discount will be as per the following table:</td><td>No change</td></tr>
<tr><td></td><td>
<table>
<tr><th>Fund size* (₹ In 000)</th><th>Net FMC after discount</th></tr>
<tr><td><0.50</td><td>Standard</td></tr>
<tr><td>>=0.50 & <=2</td><td>0.60% p.a.</td></tr>
<tr><td>>2 & <=5</td><td>0.50% p.a.</td></tr>
<tr><td>>5</td><td>0.30% p.a.</td></tr>
</table>
*Fund size to ascertain the discount would be examined at the end of the Policy Year.
The formula for computing discount is as follows:
Amount of Discount for a particular fund is:
[Fund Value * (FMC Rate/365 – Net FMC Rate/365)]

Similarly, discount will be calculated for all funds in which the contribution(s) are invested and the Total Discount will be the sum of discount of each fund.

The benefit of the discount would be given by allotting additional Units in the funds in the Allocation Proportion at the end of each Policy Year by debiting the non-unit fund. The benefit of discount will be provided by allotting additional Units equivalent to the amount of discount at the closing Unit Price applicable on the day when the discount is computed.

Illustrative example for discount on large funds:
Fund Opted: Pension Growth Fund; Fund Allocation: 100%
FMC: 0.80%; Net FMC after large fund rebate: 0.50%; Discount to be offered in FMC: 0.30%
Fund Value at NAV of 10 (NAV with FMC of 0.80%): ₹ 2,50,00,000

Let NAV remain stable throughout the year.
Gross NAV (NAV without FMC of 0.80%) = 10/(1-365 / 365*0.80%)
Fund Value at Gross NAV (NAV without standard FMC of 0.80%) = ₹2,50,00,000/ (1-365 / 365*0.80%) = ₹2,52,01,613
Gross FMC = 0.8%*2,52,01,613 = ₹201,613
Discount on FMC = 0.3%*2,52,00,000 = ₹75,605
FMC less discount = ₹201,613 - ₹75,605 = ₹1,26,008
Units as at year end = ₹2,50,00,000/10 = 25 lacs Units ----------------------A
Additional Units due to FMC discount: ₹75,605/10 = 7561 ----------------B
Total Units as at year end = A + B = 25,07,561 Units ------------------------C

Fund Value as at year end after discount credit = C*10 = ₹2,50,75,610</td><td></td></tr>
<tr><td>Surrender Charge</td><td>
<table>
<tr><th>Policy Year</th><th>Surrender Charge</th></tr>
<tr><td><1 year</td><td>Min (0.05% of FV, ₹ 5,00,000)</td></tr>
<tr><td>>=1 year</td><td>Nil</td></tr>
</table></td><td>No change</td></tr>
<tr><td>Allocation Charge = 100% minus Allocation Rate</td><td>
<table>
<tr><th></th><th colspan="3">Distribution Channel</th></tr>
<tr><th>Policy Year</th><th>Agents & Corporate Agents</th><th>Brokers</th><th>Direct Marketing</th></tr>
<tr><td colspan="4">Allocation Charge</td></tr>
<tr><td>1</td><td>2%</td><td>Nil</td><td>Nil</td></tr>
<tr><td>2 onwards</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="4">Allocation Rate</td></tr>
<tr><td>1</td><td>98%</td><td>100%</td><td>100%</td></tr>
<tr><td>2 onwards</td><td>100%</td><td>100%</td><td>100%</td></tr>
</table></td><td>No change</td></tr>
<tr><td>Switching Charge</td><td>Nil</td><td>No change</td></tr>
<tr><td>Mortality Charge</td><td>Mortality Charge shall be deducted through cancellation of Units from Master Policy account towards the cost of life cover</td><td>It would depend upon the judgement of the Company based on the age, risk profile & claims experience and any change in mortality table subject to IRDA of India approval</td></tr>
<tr><td>Miscellaneous Charge(s)
• Service Tax and Cesses Charge</td><td>As notified by the Government from time to time</td><td>As notified by the Government from time to time</td></tr>
</table>

How is the Premium determined?

- The Premium payable is dependent on various factors - the size of the member group, the age distribution of the members, their occupation, Sum Assured for individual members, frequency of payment, etc. The Premium rate is quoted on receiving the individual employee data from the Master Policyholder
- The Master Policyholder has the option to select different levels of Sum Assured for different categories of members, subject to underwriting requirements of the Company

What is the minimum group size required?

- The minimum group size is 10 members

What is the Reinstatement Period in case of discontinuance?

- On every Annual Renewal Date (ARD), the Master Policyholder will have to submit a written declaration about the funding status of the scheme as per Actuary's certificate given in accordance with AS-15 (revised). In case such declaration is not submitted with 30 days of the annual renewal date or the funding status submitted shows that the scheme is under-funded, the policy will be discontinued i.e. the life cover in respect of all members will cease immediately
- "Nil Contributions" will be allowed only when the funding status of the scheme is in surplus and the same is supported by an Actuary's certificate in accordance with AS 15 (revised), otherwise the Policy contract will become a discontinued contract and the life cover in respect of all members will cease immediately and no mortality charge shall be deducted. However, fund management charges will continue to be deducted
- A discontinued Policy can be reinstated within five years (Reinstatement Period) from the date of discontinuance subject to Company's Board Approved underwriting requirements
- In case a discontinued Policy is not Reinstated during the Reinstated Period, the Policy shall be terminated by paying the fund value of the Policy to the Master Policyholder. However, during the Reinstatement Period, the discontinued Policy will continue to be in the Unit fund(s) and the benefits as per scheme rules will be paid subject to availability of the fund value
- If the time elapsed between the last Policy anniversary and the request for reinstatement of risk cover is less than six months then the risk shall be reinstated from the last Policy anniversary. Otherwise it shall be reinstated from the next Policy anniversary

What is the duration of life cover?

- This is a one-year contract, which is renewable every year

Further information:

Acceptance

Aviva will not be liable to any claim until acceptance of risk and receipt of Premium in full.

Free Look Period

You have the right to review the scheme's Terms and Conditions and cancel your Policy within 15 days from the date of receipt of the Master Policy. If you cancel your Policy, the Premium you have paid will be refunded after adjusting for adverse movement in Unit price charges less incurred on account of stamp duty.

Why invest with Aviva?

Aviva Life Insurance Company India Limited is a joint venture between Dabur Invest Corp and Aviva International Holdings Limited - a UK based insurance group, whose association with India dates back to 1834. Aviva group is one of the oldest insurance groups in the world. Currently, it serves 31 million customers across 16 countries (March, 2015).

The Dabur Group, founded in 1884, is one of India's leading producers of traditional healthcare products.

Section 41

In accordance with Section 41 of the Insurance Act 1938, (1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the Premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer:

Provided that acceptance by an insurance agent of commission in connection with a Policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of Premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.

Section 45

Policy not to be called in question on ground of misstatement after three years as per Section 45 of the Insurance Act 1938, as amended from time to time.

Queries and Complaints

If you would like additional information or if you have any queries or complaints, please contact us at the numbers given below:

For more details, call us at 1800 180 2244
(Toll free for BSNL / MTNL users) or 0124-2709046 or SMS 'Aviva' to 5676737 Website: www.avivaindia.com

AVIVA
Life Insurance

A joint venture between Dabur Invest Corp. and Aviva International Holdings Limited.

Aviva Life Insurance Company India Limited
Aviva Tower, Sector Road, Opposite Golf Course, DLF Phase-V, Sector 43, Gurgaon-122 003, Haryana, India
Website: www.avivaindia.com

Registered Office: 2nd Floor, Prakashdeep Building, 7, Tolstoy Marg, New Delhi-110 001

*Tax laws are subject to change.

MKT/June 2016/Ver. 1.2

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Risk Profile of Funds

Pension Cash Fund	Pension Debt Fund	Pension Secure Fund	Pension Growth Fund	Pension Balanced Fund	Pension Short Term Debt Fund	Pension Income fund
Low	Low	Low	High	Medium	Low	Medium